Grain Transportation Report

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Contents

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U.S. to Europe Soybean Transportation Cost Down, Brazil's Up. Total transportation cost of shipping soybeans from Minneapolis, MN to Hamburg, Germany decreased during 2nd quarter 2005, compared with the 1st quarter (table 1). Conversely, the costs of shipping soybeans from Brazil, to the same destination during the same period, increased depending upon the production region export port (see table below and table 18 and figure 15 inside the report for more detail). Although the truck and the barge rates increased slightly in the U.S. during the 2nd quarter, ocean freight rates fell significantly during the period.

Table 1 -- Quarterly costs of transporting soybeans from U.S. and Brazil to Hamburg, Germany

	2005 1st qtr.	2005 2nd qtr.	Percent change	2005 1st qtr.	2005 2nd qtr.	Percent change
	United States					
	Minneapolis, MN			Davenport, IA		
	--$/mt--		--%--	--$/mt--		--%--
Truck	7.58	7.82	3.17	7.58	7.82	3.17
Barge[1]	18.42	18.93	2.77	18.16	14.67	-19.22
Ocean[2]	37.46	32.81	-12.41	37.46	32.81	-12.41
Total transportation	63.46	59.56	-6.15	63.20	55.30	-12.50
Farm Value[3]	208.09	230.84	10.93	202.22	226.81	12.16
Landed Cost	271.55	290.40	6.94	265.42	282.11	6.29
Transport % of landed cost	23.37	20.51		23.81	19.60	
	Brazil					
	Northwest RS[4] - Rio Grande[5]			North MT[4] - Paranagua[5]		
	--$/mt--		--%--	--$/mt--		--%--
Truck	12.83	12.68	-1.17	69.96	79.07	13.02
Ocean[6]	44.20	44.39	0.43	44.64	44.84	0.45
Total transportation	57.03	57.07	0.07	114.60	123.91	8.12
Farm Value[7]	223.33	231.70	3.75	160.00	177.89	11.18
Landed Cost	280.36	288.77	3.00	274.60	301.80	9.91
Transport % of landed cost	20.34	19.76		41.73	41.06	
	South GO[4] - Santos[5]			North Center PR[4] - Paranagua[5]		
	--$/mt--		--%--	--$/mt--		--%--
Truck	19.26	22.82	18.48	19.26	22.82	18.48
Ocean	45.53	45.84	0.68	44.64	44.84	0.45
Total transportation	64.79	68.66	5.97	63.90	67.66	5.88
Farm Value[7]	294.91	300.04	1.74	294.91	300.04	1.74
Landed Cost	359.70	368.70	2.50	358.81	367.70	2.48
Transport % of landed cost	18.01	18.62		17.81	18.40	

[1]The Mississipi River closes from Minneapolis to just north of St. Louis during mid-December to late March
[2]Source: The Baltic Exchange; [3]Source: USDA/NASS
[4]Producing regions: RS = Rio Grande Do Sul, MT= Mato Grosso, GO = Goiás, PR = Paraná
[5]Export ports
[6]Source: ESALQ/ USP (University of São Paulo, Brazil) and USDA/AMS
[7]Source: Companhia Nacional de Abastecimento (CONAB) www.conab.gov.br

Total transportation costs of shipping soybeans from North MT increased by 8 percent, while both South GO and North Center PR increased by 6 percent (table 1). The increase in costs of shipping from these regions in Brazil is due mainly to increased trucking rates. The trucking rates are affected by increased demand for transportation during the soybean harvest season. Moreover, these rates are based on the distances between the production regions and the export ports (see figure 15 inside the report). Although ocean rates were relatively stable between the 1st and 2nd quarters, slight variation occurred due to changes in the exchange rates.

During the 2nd quarter of 2005, the total costs of transporting soybeans from Davenport, IA to Hamburg represented 20 percent of the total landed cost (figure 1). In contrast, the costs of transporting soybeans from North Mato Grosso, Brazil to Hamburg represented 41 percent of the total landed cost (figure 2). Iowa is one of the leading soybean producing states in the United States, while Mato Grosso is the largest producing region in Brazil.

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Figure 1 -- Total landed cost of shipping soybeans from Davenport, IA to Hamburg, Germany, 2nd quarter 2005

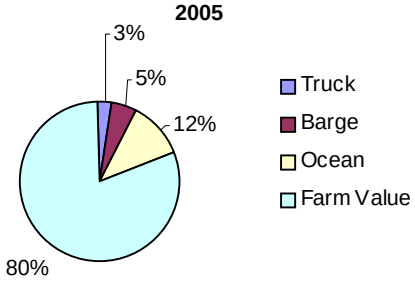
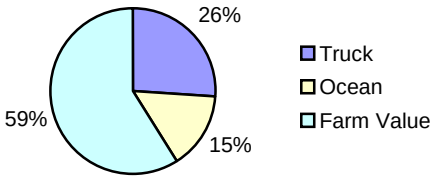
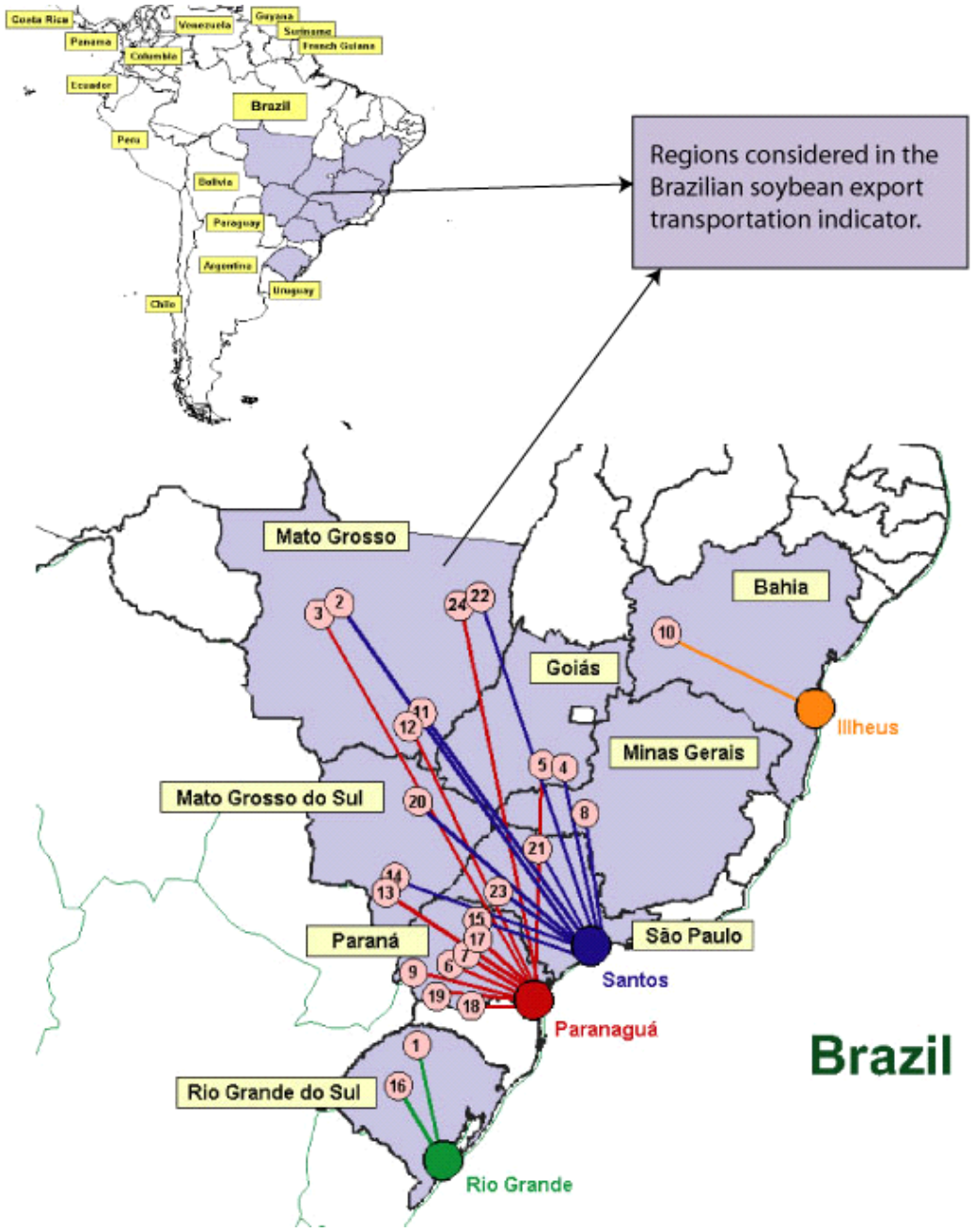


Figure 2 -- Total landed cost of shipping soybeans from North Mato Grosso, Brazil to Hamburg, Germany, 2nd quarter 2005



Brazil Transportation

Figure 15
Routes and Regions considered in the Brazilian soybean export transportation indicator[1]



[1]Regions comprised 84 percent of Brazilian soybean production, 2003
Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Table 18--Truck rates for selected Brazilian soybean export transportation routes, 2nd quarter 2005

Route #	Origin[1] (reference city)	Destination	Distance (miles)[2]	Weight(%)[3]	Freight price (per 100 miles)[4]
1	Northwest RS[5](Cruz Alta)	Rio Grande	288	16.6	4.40
2	North MT(Sorriso)	Santos	1190	10.1	6.80
3	North MT(Sorriso)	Paranaguá	1262	9.5	6.27
4	South GO(Rio Verde)	Santos	587	7.0	6.83
5	South GO(Rio Verde)	Paranaguá	726	5.6	5.29
6	North Center PR(Londrina)	Paranaguá	268	4.4	8.51
7	Western Center PR(Mamborê)	Paranaguá	311	3.9	5.37
8	Triangle MG(Uberaba)	Santos	339	3.8	10.75
9	West PR(Assis Chateaubriand)	Paranaguá	377	3.7	5.16
10	West Extreme BA(São Desidério)	Ilhéus	544	3.6	7.14
11	Southeast MT(Primavera do Leste)	Santos	901	3.6	6.26
12	Southeast MT(Primavera do Leste)	Paranaguá	975	3.3	5.63
13	Southwest MS(Maracaju)	Paranaguá	612	3.1	6.07
14	Southwest MS(Maracaju)	Santos	652	2.9	6.31
15	West PR(Assis Chateaubriand)	Santos	550	2.5	5.68
16	Western Center RS(Tupanciretã)	Rio Grande	273	2.4	5.49
17	Southwest PR(Chopinzinho)	Paranaguá	291	2.3	5.73
18	Eastern Center PR(Castro)	Paranaguá	130	2.3	10.77
19	South Center PR(Guarapuava)	Paranaguá	204	2.1	7.95
20	North Center MS(São Gabriel do Oeste)	Santos	720	2.0	5.60
21	Ribeirão Preto SP(Guairá)	Santos	314	1.5	7.59
22	Northeast MT(Canarana)	Santos	950	1.4	7.26
23	Assis SP(Palmital)	Santos	285	1.2	7.74
24	Northeast MT(Canarana)	Paranaguá	1075	1.2	6.34
	Average		**626**	**100**	**6.33**

[1]Although each origin region comprises several cities, the main city is considered as a reference to establish the freight price

[2]Distance from the main city of the considered region to the mentioned ports

[3]The weight is directly proportional to the amount of production in each region

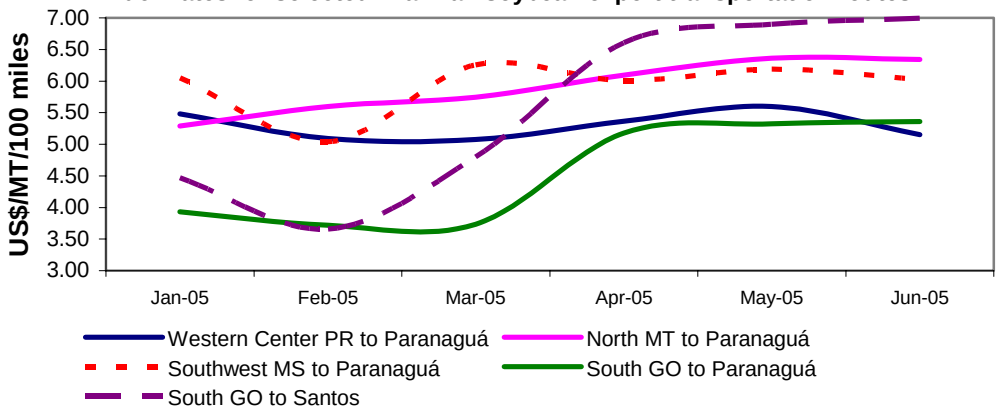
[4]US$ per metric ton (average monthly exchange rate from "Banco Central do Brasil" was used to convert Brazilian reais to the U.S. dollar)

[5]RS = Rio Grande Do Sul, MT= Mato Grosso, GO = Goiás, PR = Paraná, MG = Minas Gerais, BA = Bahia, MS = Mato Grosso Do Sul, SP = São Paulo

Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Figure 16

Truck rates for selected Brazilian soybean export transportation routes



Source: ESALQ/ USP (University of São Paulo, Brazil) and USDA/AMS

Table 19--Monthly Brazilian soybean export truck transportation cost index

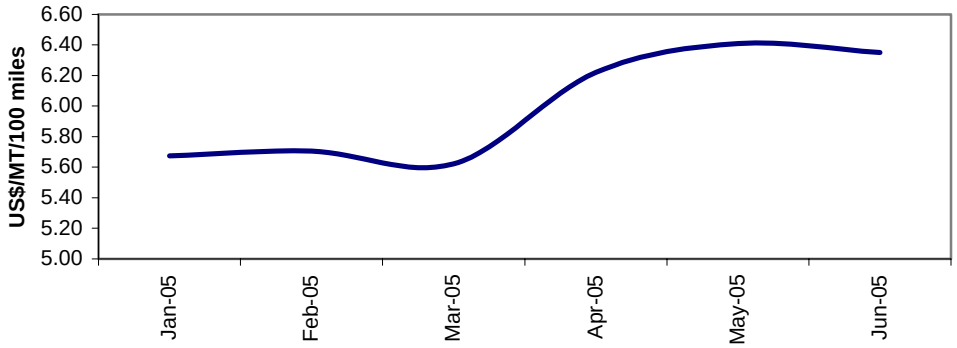
Month	Freight price* (per 100 miles)	Index variation (%) (Base: prior month)	Index value (Base: Jan. 05 = 100)
Jan. 05	5.67		100.00
Feb. 05	5.71	0.5	100.54
Mar. 05	5.62	-1.5	99.08
Apr. 05	6.22	10.6	109.61
May 05	6.41	3.1	112.96
Jun. 05	6.35	-0.9	111.90

*weighted average and quoted in US$ per metric ton

Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Figure 17

Brazilian soybean export truck transportation weighted average prices, 2005



Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Table 20--Quarterly ocean freight rates for shipping soybeans from selected Brazilian ports to Hamburg, Germany (US$/metric ton)*

Ports	2005 1st qtr	2005 2nd qtr
Santos	45.53	45.84
Paranagua	44.64	44.84**
Rio Grande	44.20	44.39

*correspond to the average actual values negotiated between shippers and carriers and weighted according to the magnitude of the shipped volumes

Source: Sistema de Informações de Fretes, SIFRECA, ESALQ/USP (University of São Paulo, Brazil)

**Revised figure